

acted into law it is all preliminary to the great central bank now in contemplation and to be projected at the next session of congress. By that time it will be conveniently found that the management of this vast scheme by the postmaster general, attorney general and the secretary of the treasury is utterly impracticable, and that a central bank is necessary to this and other operations of the government. Meanwhile the ten per cent of the deposits that under the bill must be set to and be under the immediate control and command of those three officials will form the initial working funds of the projected central bank. There are about 22,000 banks in the United States. Those banks which under the authority of these three trustees may become the favorites of federal power will also become the understudies, factotums and instrumentalities of the central bank. The central bank will in turn be the subservient agent of the very interests which some of the supporters of this bill profess to abhor. It will not do to say that the central bank scheme has no connection with it. That scheme now in process of gestation is the one thing that is bringing certain forces to the support of the measure."

AS TO THE constitutionality of the postal savings bill, Senator Shiveley said: "It has become unfashionable to invoke the constitution, except possibly to question the operation of salutary laws enacted by the states. But if it be still conceded that our federal government is one of enumerated powers, on which grant of power is the proposed legislation predicated? Is it on the power to establish postoffices and post roads? What possible connection has the operations contemplated by the bill with mail facilities or postal communication? Is it on the commerce power? What could be a more exclusively local and non-interstate function than the receipt of money by the postmaster and its deposit in a local bank? Is it on the power to borrow money on the credit of the United States? Will it be pretended that the money to be deposited under the bill is to pay the debts of the United States or to carry into execution any of the other enumerated grants of power? In default of any other pretext, is resort to be had to the 'general welfare' clause? The general welfare (not the 'general welfare' clause) requires that every man, woman and child in the country have sufficient food, clothing and shelter. Are we ready to provide these things? If not, why not? If the 'general welfare' clause is a grant of power, then what power is reserved to the states or the people? If such clause is not a grant of power, where is the constitutional warrant for the proposed legislation?"

THE NEBRASKA normal school board has ordered the removal of Dr. Crabtree, president of the Peru, Nebraska Normal School. The members of the board who voted for the removal of Dr. Crabtree are republicans; Dr. Crabtree is also a republican. Nebraska educators are very generally protesting against this effort to inject partisan politics into the educational affairs of the state. The Omaha World-Herald prints a letter written by W. B. Rose, now a judge of the Nebraska supreme court, and at the time the letter was written chairman of the republican state committee, in which he censured Dr. Crabtree for not permitting the school buildings to be used for republican meetings and for showing hostility to republican candidates. The World-Herald claims that Judge Rose is partly responsible for the scheme to oust President Crabtree.

SENATOR HALE, of Maine, will have to fight for re-election. Influential republicans will vigorously oppose him and they have selected a popular candidate to lead the fight. Senator Hale is seventy-three years of age. His services in the senate began March 4, 1881, and his present term will expire in 1911. The Boston Herald says: "Senator Hale, with more than forty years of public life behind him, with a familiarity with national affairs of many terms in the house and senate, recognized as a senate leader, chairman of the important committee on appropriation, a member of the committee on naval affairs and of the committee on finance, wields for his state a great power in national legislation. That fact is recognized, without statement, throughout the country. It is not likely that the people of Maine will ignore it. Maine, as well as Massachusetts, has believed in the permanency of the senatorial office. This belief has been confirmed by experience in which

the accumulation of influence and power with the experience of continued occupancy of the office has brought honor and distinction, as well as material benefit to the commonwealth, in greater measure than to the individual. As public sentiment in Massachusetts stands today against the schemes of personal ambition and political desire in defense of able and meritorious service for state and nation through a long term of years, so Maine, if its truer and deep-lying controlling sentiment is expressed, will demand that the political spollsmen keep their hands off the senatorial seat."

HERE IS A HOT letter written to the New York World by a Brooklyn reader who signs his communication "Sheffield." "The United States steel corporation accounts only for 'net earnings,' these being \$34,400,432 for the three months ending December 31, 1909—about \$11,460,000 a month, or at the rate of some \$137,520,000 a year. Why do they not reveal the total tonnage of steel upon which this vast amount was 'earned?' It would be interesting to know how much of a bonus per ton the people of this country pay in order to make up this enormous total of 'earnings' of the steel trust. My impression is that last year's production ran about 22,000,000 tons and that the United States steel corporation made about 60 per cent of it—that is to say, some 13,000,000 tons. Thus the trust's profit is more than \$10 a ton. It is not surprising that it can sell steel in Liverpool or Berlin cheaper than in Pittsburgh in trade warfare. Poor return this trust makes for its hundred-odd millions of dollars a year of takings—not 'earnings'—in the debauchment of humanity in the Pittsburgh slums and the degradation of American citizenship in every iron and steel center it controls. And it's a poor, mean spirit you boastful Americans have, to endure its exactions and its importation of poverty from eastern Europe to break down the labor market."

ON THE SUBJECT of wages and cost of living J. A. Blanchard, Jenksville, N. Y., writes to the New York World to say: "What a lot of wisdom is exhibited in the 'cost of living' articles in the World! W. C. Brown wanders through two columns, using the same arguments that W. J. Bryan used thirteen years ago, when Brown and his like were calling Bryan an 'anarchist' and papers like the World were calling him all that was ever known in the way of slander and abuse: 'For this reason the pay of labor has steadily advanced and must continue to advance in some fair ratio with the increase in the cost of the things that labor must buy. To put it in another way wages must go up in about the same proportion that the purchasing pay of labor has steadily advanced: This is a farming, dairy section. Day labor on the farm is \$1. It was \$1 ten years ago, it was \$1 twenty years ago, it was \$1 thirty years ago. How will Mr. Brown explain that? Mr. Brown pays his common laborers on his railroad from 80 cents to \$1.10 a day. Thirty years ago the same class of labor was paid from \$1.25 to \$1.65 a day. How does Mr. Brown answer that? Of course his trainmen get better pay, but why? Because they are organized and men like Brown are simply forced to pay, not willingly, but because they must.'"

AN INSIDE story of high finance is told in a brief filed in the Chicago court by Otto Gresham, administrator of the estate of John S. Cooper. The brief relates to the sale of the Indiana, Illinois and Iowa railroad. The New York World's report of this suit says that the following names figure in the litigation: Theodore P. Shonts, former chairman of the Panama canal commission and now president of the Interborough system in New York; Francis M. Drake, Shonts' father-in-law, one time owner of the "Three I's" railroad; Paul Morton, former secretary of the navy and now president of the Equitable Life Assurance Society; Joy Morton, president of the International Salt company; William C. Brown, president of the New York Central railroad; Robert Mather, former president of the Chicago, Rock Island and Pacific railroad; John S. Cooper, Chicago attorney. The last of these, though dead, is in many ways the most important, for fees alleged to have been earned by him in the "Three I's" transaction are the basis of the suit. The declaration, filed in the municipal court last May, was dismissed by Judge John H. Hume on October 5, because the bill of particulars failed to give a detailed statement of the dates on which services were rendered. The plaintiff admitted that Mr.

Cooper being dead, he could not supply the missing information, but filed interrogatories demanding information under oath from the defendants. These, the judge ruled, they did not have to answer. The case was appealed, that the declaration may be reinstated and brought to trial."

GRESHAM'S BRIEF tells a story showing how four million dollars profit was made on the investment, for a short time, of \$2,500,000 of borrowed money. Here is the story of the brief as told by the World's report: "The 'Three I's' road runs from Streator, Ill., to South Bend, Ind., where it connects with the Lake Shore. Mr. Brown was vice president of the latter and Mr. Shonts was general manager of the former road when the sale was effected. It is alleged that they conspired to divert traffic from the 'Three I's' road, sending freight by circuitous routes to and from its stations to avoid the use of its tracks. Then, when the road was doing the least possible business, they are said to have got Paul Morton to go to Centralville, Ia., to Drake, Shonts' father-in-law, and buy the road from him for \$3,000,000. The road had \$6,000,000 capital stock authorized, of which \$5,000,000 had been issued and \$1,000,000 was still in the treasury. The purchasers are alleged to have borrowed \$2,500,000 by pledging the whole \$6,000,000 of stock. The additional \$500,000 necessary to pay Drake his \$3,000,000, as the brief says, was obtained by taking that amount from a fund of \$800,000 which had been earned by the road in rebates, but which, it is alleged, had been concealed from Drake, its owner. Drake was also required to pay off a bonded indebtedness of \$1,800,000. The \$2,500,000 borrowed from Redmond, Kerr & Co., is said to have been repaid immediately and the stock redeemed with money obtained by issuing new bonds. Having obtained the road, tactics are said to have been reversed, and Mr. Brown, as vice president of the Lake Shore, and Shonts, through gifts of stock to traffic officials of other roads, are alleged to have diverted all possible traffic to the 'Three I's' in this way, according to the brief, quadrupling its business. With its bonded indebtedness paid off, its traffic enormous and valuable to the Lake Shore as a feeder, the road, through the influence of Mr. Brown, it is said, was sold to the Lake Shore, and the profit was \$4,000,000, says the brief. And for his services in the matter Mr. Gresham is of the opinion that the attorney whose estate he represents earned \$100,000. To show how little actual money was required to finance the purchase of a railroad system it is set forth in the bill that Mr. Brown at the time had nothing but his salary and was \$10,000 in debt."

THAT STAID old republican paper, the Indianapolis Star, actually suggests government ownership as a possible solution of some of the present day evils. In an editorial entitled "Losing Its Terrors," the Star said: "Intensely devoted as they are to the individualistic philosophy, the American people have been inclined to look upon government ownership as the last extremity of industrial and economic freedom. Especially when they contemplate the inefficient service official administration often gives and the political abuses to which bureaucracies and armies of government employes so readily lend themselves, does it seem better to bear the ills we have than fly to others that we know not of. In this spirit an Indiana contemporary observes: 'Perhaps after Uncle Sam gets a postal savings bank established in every town he will then set up a printery, a bakeshop, a meat market and a grocery alongside of it. More than that, when it becomes generally known how poorly the postal department is managed few people will want to trust their savings with the institution anyway.' But the American people will welcome government ownership, both local and national, the moment it develops that the great public utilities can not be controlled in any other way. In New York City one of the most noteworthy of Mayor Gaynor's new and popular policies is municipal ownership of street car systems. If a combination of the Western Union and Postal Telegraph properties should be made so as to eliminate competition and defy legislative control, the proposal of government ownership would become a tenable and not at all horrifying thing. Whenever a public service corporation becomes a monopoly and controls legislation, local or national, it is inviting government ownership in the strongest possible way. It is better for the government to own the railroads and banks than for the banks and railroads to own and run the government."